

## 2009 Holidays

Qualstar branches will be closed  
on the following holidays:

New Year's Day - January 1<sup>st</sup>  
MLK Jr. Day - January 19<sup>th</sup>  
President's Day - February 16<sup>th</sup>  
Memorial Day - May 25<sup>th</sup>  
Labor Day - September 7<sup>th</sup>  
Columbus Day - October 12<sup>th</sup>  
Veteran's Day - November 11<sup>th</sup>  
Thanksgiving - November 26<sup>th</sup>  
Christmas Day - December 25<sup>th</sup>

During these times, STAR and  
Home Banking are available 24/7!



*Giving credit where it's due since 1952*

PO Box 96730  
Bellevue, WA 98009-7730

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Qualstar  
Member's

# Guide 2009



 **QUALSTAR**  
CREDIT UNION

*Giving credit where it's due since 1952*

From the

CEO

## Welcome to a New Year at Qualstar!

**We're here to help.** I know that may sound trite, but as a member-owned, not-for-profit financial institution, that is exactly why we are here. And there is no better time than now to be with a Credit Union.

We are all feeling the effects of one of the worst economies in our country's history. We talk with members every day who are looking for ways to reduce their expenses and get themselves into a better overall financial situation. And we tell them the same thing each time - we're here to help. The key is to ask.

Of course, helping doesn't always mean approving a loan request. I wish it were that simple. But even if we aren't able to approve your request, going through a loan review with one of our loan representatives can help you look at things differently. Since we look at credit reports every day, we can help you determine the best steps to take to get yourself into a more comfortable financial situation. If helping you means getting you on the path towards building up your savings, we have great products with above-market rates to help get you there.

While we seem to be surrounded by bad news these days, I am pleased to be able to tell you that we just had one of the most successful years in Qualstar's history. We are seeing our members come to us for more and more of their financial needs, which provided us very strong growth in loans and deposits in 2008. We look forward to moving through this recession and continuing to serve our loyal membership.

I know you hear us say it all the time, but it's what we believe - we're not here to make money, but to help our members make better use of theirs. This will be even more important in the coming year. Thanks for your ongoing trust.

Sincerely,



Mark R. Nelson  
President/CEO

### **Especially during difficult times, we are here to help! A true story...**

*A long-time member called to change his weekly transfer to pay only the minimum due on his equity loan. After Heather took care of his request, she asked lending if we could take a look at his situation and see if there was anything we could do to help since he had one of our older equity products. Dana called the member and discovered the member had taken a drastic pay cut to keep his job and was the only wage earner in the family. With their income reduced, the family's bills - including bills for medical care - had started to pile up, which is why he called to adjust his weekly transfer. In order to find the best solution for them, a loan application was processed and we found out they were in a fairly high-rate mortgage. Dana suggested the member refinance the 1st mortgage, payoff their equity loan and a few other debts, and this would reduce their out-going monthly payments...they were relieved!*

# A Look Back at 2008

A review of some of the changes and improvements we made this past year...

## MyCash Checking Accounts with Check Cards

In April we introduced our new MyCash checking account which gives our younger members an opportunity to open their first checking account with check card access at the age of 16. It's important to give our younger members the skills they need to become financially responsible, and learning how to manage a checking account is a great first step.

## MyChoice Young Adult Visa Program

In June, we introduced another great tool for our younger members who are just starting out with using credit and learning how it can work to their advantage, especially since credit is now being used for things such as qualifying for an apartment, obtaining insurance or even getting a job. Designed for those with no credit history, this program offers a \$250 limit Visa with a set monthly payment and low, fixed rate.

## NEW Website

It was definitely time to re-design our website, but we didn't just want it to look better...we wanted it to work better too. So we added several features like additional information about our products and services, articles with the opportunity for you to comment on what's going on, a Q&A database to answer questions you might have about how your account works and what we can do for you, online registration for Home Banking with password reminder, and more! If you haven't already, check it out at [www.qualstarcu.com](http://www.qualstarcu.com).



**PASSPORT®**  
CORPORATE

## Passport Visa Gold Saving Benefit

The new Passport saving benefit is available for FREE on all Qualstar Visa Gold cards and provides instant savings - all you have to do is use your card to make a purchase at a participating merchant or restaurant to get discounts...it's that easy! We issued new cards with the Passport benefit for all exist-

ing Visa Gold card holders back in October, and all cards approved after that include the benefit. If you currently have one of our Visa Classic cards, you are welcome to apply (regular lending guidelines apply) to switch to Gold! To see a list of Passport merchants go to, [www.qualstarcu.passportlifestyle.com](http://www.qualstarcu.passportlifestyle.com).



Qualstar strives to be an active partner in our communities and we continue to give and support various organizations and programs on behalf of our members.



THE MOYER FOUNDATION  
*Helping Children in Distress*

**Moyer Foundation:** The Foundation offers encouragement, comfort, and support to children and their families enduring a time of profound emotional, physical or financial distress.

We are proud to support The Moyer Foundation once again this year, financially as well as through our staff volunteering at various Moyer events.

## King County Sexual Assault Resource Center:

The center provides crisis lines, advocacy, therapy and education for victims of sexual assault, their families, and the community. We support this very important organization through financial donations.



King County  
Sexual Assault  
Resource Center



**Running Start to the Trades:** Approximately 33% of our members belong to various construction trade unions (carpenters, laborers, electricians, etc.). The Washington State Building & Construction Trades offers a program that provides post-graduation apprenticeship training to high school students who want to pursue careers in the building trades. We contributed monetary and staff resources to develop a marketing brochure and DVD to distribute to local schools and administrative offices.

**Credit University:** We are proud to be an original and on-going supporter of this worthwhile program that teaches high school students about finances, credit and identity theft (see "Financial Education" article).

**Toy Donations:** Every year, our branches take your generous donations to help all children in our communities have a happy holiday season. All toys are given to various community organizations including Toys for Tots, First Place and Friends of Youth. Thank you for your generosity!

**In 2008 Qualstar gave over \$40,000!**

# 2008 Statement of Financial Condition

| <b>Assets</b>            | <b>2008</b> | <b>2007</b> |
|--------------------------|-------------|-------------|
| Loans (Net of Allowance) | 258,494,355 | 242,808,678 |
| Cash & Cash Equivalents  | 5,908,023   | 5,334,894   |
| Investments              | 50,076,967  | 38,046,223  |
| Fixed Assets             | 2,863,582   | 3,045,676   |
| Other Assets             | 11,848,423  | 7,639,149   |

|                     |                    |                    |
|---------------------|--------------------|--------------------|
| <b>Total Assets</b> | <b>329,191,350</b> | <b>296,874,620</b> |
|---------------------|--------------------|--------------------|

## Liabilities & Equity

### Shares:

|                                |             |             |
|--------------------------------|-------------|-------------|
| Regular Savings                | 19,454,011  | 20,636,585  |
| Simply Checking                | 16,736,618  | 17,043,348  |
| Premier Checking               | 13,370,643  | 14,524,334  |
| Certificates                   | 64,601,160  | 62,971,666  |
| Individual Retirement Accounts | 27,009,221  | 25,714,908  |
| Money Market Accounts          | 125,031,605 | 98,106,603  |
| Holiday Club                   | 293,781     | 328,818     |
| Youth Accounts                 | 919,370     | 877,663     |
| Vacation Access Funds          | 11,340,857  | 9,769,933   |
| Mortgage Escrow Funds          | 204,434     | 143,252     |
| Total Share Accounts           | 278,961,700 | 250,117,110 |

|                                      |            |            |
|--------------------------------------|------------|------------|
| Accounts Payable & Other Liabilities | 12,724,547 | 11,839,481 |
|--------------------------------------|------------|------------|

|                   |         |         |
|-------------------|---------|---------|
| Dividends Payable | 625,043 | 750,996 |
|-------------------|---------|---------|

|                   |            |            |
|-------------------|------------|------------|
| Total Liabilities | 13,349,590 | 12,590,477 |
|-------------------|------------|------------|

|                 |            |            |
|-----------------|------------|------------|
| Members' Equity | 36,880,060 | 34,167,033 |
|-----------------|------------|------------|

|                                     |             |             |
|-------------------------------------|-------------|-------------|
| Total Liabilities, Savings & Equity | 329,191,350 | 296,874,620 |
|-------------------------------------|-------------|-------------|

## Statement of Income & Expenses

|                             |              |              |
|-----------------------------|--------------|--------------|
| Interest Income             | 19,804,796   | 18,099,096   |
| Operating Expense           | (10,117,477) | (10,287,899) |
| Dividend & Interest Expense | (8,508,676)  | (8,456,537)  |
| Other Operating Income      | 4,884,205    | 4,542,731    |
| Provision for Loan Loss     | (3,597,160)  | (1,176,629)  |
| Non-Operating Income/(loss) | 252,437      | 245          |

|                   |                  |                  |
|-------------------|------------------|------------------|
| <b>Net Income</b> | <b>2,718,125</b> | <b>2,721,007</b> |
|-------------------|------------------|------------------|

# What's coming in 2009?

More online services & peace of mind...

## eStatements (Available Now!)

You can now view your account and Visa statements online via Home Banking\*. Simply log-in and enroll – we'll send an e-mail to notify you when they are available each month. Save paper, save time and save yourself the worry of having your personal and account information lying around on paper.

\*If you are not currently registered, sign-up online at [www.qualstarcu.com](http://www.qualstarcu.com).

## Mobile Banking (Coming Soon!)

Many of our members don't live or work near our branches, or they may not have access to a computer. This year, your web-enabled cell phone is your direct link to your Qualstar account – check your balances and transaction history, find the nearest branch or ATM, make transfers and even pay your bills! More information will be available as we get closer to providing this convenient, new service.

## Personal Financial Management Online (Coming Soon!)

You will soon be able to download your account transaction history directly to your computer using Intuit's Quicken and QuickBooks as well as Microsoft's Money program.

## Term Life Insurance (Available Now!)

As your credit union, we are always looking for new products and services to meet your financial needs. Life insurance is an important and necessary part of your financial planning – we are pleased to offer this new benefit with the same confidence as our other products and services.

## Fraud Protection (Coming Soon!)

Keeping your account and personal information safe is something we take very seriously - and you should too! Our new fraud protection package provides credit card and credit report monitoring, fraud alerts, and more. You will receive information regarding this new program from us in the mail soon, or get more details at [www.qualstarcu.com](http://www.qualstarcu.com) – click on "Banking," then "Insurance."

## NCUA Coverage for ALL Members up to \$250,000



October of last year, a new provision to increase federal deposit insurance from at least \$100,000 to \$250,000 was implemented. While the media has primarily reported this as an increase to FDIC insurance, we want to make

sure our members know that this increase also applies to National Credit Union Administration (NCUA) insurance which protects credit union members.

### Money Market accounts ARE covered...

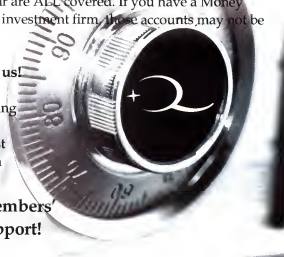
As a result of the media coverage of deposit insurance, there has also been some confusion about whether Money Market accounts are covered by NCUA insurance. To clarify, there is a difference between a Money Market Account held at a financial institution, and a Money Market Investment Account.

Credit union Money Market accounts are insured and are covered to at least \$250,000 through NCUA. The NCUA coverage states, "Your savings federally insured to at least \$250,000..." which translates to the amount you have on deposit; therefore savings, checking, certificates and money markets you have at Qualstar are ALL covered. If you have a Money Market Account through an investment firm, those accounts may not be insured.

### Thanks for sticking with us!

We have had many current (and new) members entrusting more of their hard-earned savings with us over the past few months as confidence in large banks has plummeted.

**We appreciate our members ongoing trust and support!**





Did you know? Our NEW Website is finished!

Ask a Question

QUALSTAR

Contact Us | Locations | Feeds

Search our site

home banking borrowing rates & fees tips & tools about us

## There's great stuff at www.qualstarcu.com!

### Home Banking Online Registration

If you haven't already signed up for Home Banking, what are you waiting for?! Now you can do it any time right from our website - simply click on "sign-up" in the login box on our home page and follow the steps to create your username and password.

### Password Reminders

Enable the new password reminder feature in Home Banking now, (under Profile Settings) and we'll be able to send you a temporary password in the event you forget yours.

### Online Loan Applications

Apply for a loan...any time! Through Home Banking, you can submit a loan application for any auto, credit card or other personal loan. After your credit is reviewed, our lending staff will contact you with the status of your application.

### Q&A Database

Click on "Ask Us" from any page and you can search our extensive database of questions about products, services, account requirements and more. Or, if you can't find the answer you're looking for, send us your question and we'll respond within one business day. If you are asking a question specific to your account, please use our secure "Ask Us" e-mail feature in Home Banking to ensure confidentiality.

### Share Your Thoughts With Us!

The articles and news features we post on our website include the option for you to provide your comments, feedback and suggestions. In addition, our online poll features questions that will help us serve you better. **Your opinion is important!**

## Qualstar Members are Saving HUNDREDS of Dollars by Contacting us for a Loan Review!

Most of us don't think about the rates and terms of loans and credit cards we have after the paperwork has been signed and filed, so when it comes time to request that loan you really need there are factors that can make it challenging:

- Balances on various high rate credit cards
- Too many open revolving credit accounts
- Owning more than your vehicle (or home) is worth
- High debt ratio compared to income

**A Loan Review Can Help!** Qualstar Lending Specialists are trained to look at your overall situation and find the best deal available, which can result in lower rates and payments.

So when we say, **"We're not here to make money but to help our members make better use of theirs,"** we mean it!



To request your personalized Loan Review, please contact us at:

**1-800-848-0018**

A Lending Specialist will start the process by discussing your goals or concerns, looking at the options available to get you the best deal possible, and even taking your application right over the phone with a decision provided in minutes.\*

**We saved this member \$350 per month in payments  
and lowered his loan rate by 3.5%...that's what we're here for!**

*A member called in originally requesting to refinance his auto loan to lower the payment because he had been laid off from his previous job and taken a pay cut with his new job. After reviewing his credit report I asked him about a boat loan with another creditor at a rate of 12%! When he mentioned the large down payment he made on the initial purchase, I did a book value on the boat and found he had plenty of equity to refinance at a lower rate, with enough to pay down the auto loan and make his payment lower!*

# Youth Financial Education

It's never too early (or late) to start teaching the kids in your life about MONEY!



## Take the First Step

Most of us would agree that parents or guardians should start teaching kids about money at an early age. However, we would probably also agree that is not as easy as it sounds.

One of the reasons a child's financial education may be delayed is because the people in their lives are uncomfortable with the topic. While money is a tool we use daily, it often becomes a difficult and emotional issue. Another challenge is parents may feel like they don't have the knowledge or resources available to do an adequate job - that's where we come in!

At Qualstar, our goal is to keep the lines of communication open for our younger members as well as their parents/guardians - we provide several resources to enhance our youth accounts, which are designed to keep the topic of financial education in the forefront

**StarSavers** (ages 0-12) - quarterly newsletter with fun facts, age appropriate education, quizzes and money problems; annual birthday letter; parent's page on website; rewards for deposits

**MyCash** (ages 13-17) - quarterly newsletter with educational articles, new product info., money tips and more; annual birthday letters (with updated info. on products/services available at certain ages); parent's page on website

It's never too early to learn about money, and the lessons should begin at home. Most schools don't have the resources to provide adequate financial education (see "Credit University", inset). Kids should start learning about money as soon as they're old enough to understand the concept that money gets them what they need and want, which experts believe is about age three (3).

Use clear examples to teach children about money concepts, including:

- Earning money
- Saving money
- Borrowing money
- Spending money
- Budgeting money
- Checking accounts & checkbooks
- Credit cards & credit card debt



## Be Age-Appropriate

Watch out that you don't overwhelm younger children with too much financial information at one time. Start slowly when teaching kids about money basics and get into more complex matters as they get older. Too much too soon can discourage them from wanting to learn about finances at all.

You can start teaching kids about checking accounts and checkbooks, for example, by explaining how you use checks to pay the bills. When children are older, they could help to balance the checkbook. If the kids already are older and you're not satisfied with their level of financial know-how, it's OK to start small and expand their knowledge as they are ready.


## Credit University

Credit University is a FREE program available at local high schools that speaks to teenagers and young adults about the importance of understanding how credit works, what identity theft is, and the overall significance of being financially smart. Each presentation is pre-scheduled by the administrator or teacher at the participating schools - check with your school office to see if a Credit University presentation will be offered at your school.

Funding for Credit University is provided by local credit unions. Qualstar has supported Credit University since day one and is proud to be part of a program that focuses on making financial education a priority. Nearly 4700 local high school students participated in this program in 2008.

# A to Z Guide to Qualstar Services

***We're here...to help with much more than you may realize.***



24/7 Account Access  
401K Rollovers  
AD&D Insurance  
ATM Cards  
Auto Insurance  
Auto Loans-New/Used  
Auto Solutions  
Call Center  
Cash Back on VISA Balance Transfers  
Certificate Secured Loans  
Checking Accounts  
College Planning & 529 Plans  
Credit Builder Share Secured VISA  
Debt Consolidation  
Direct Deposit  
eStatements  
Fraud Protection Package  
Gap Coverage  
Health Savings Accounts  
Holiday Club  
Home Equity Loans  
Homeowner's Insurance  
Investment Advisor  
IRA Money Markets  
IRA Share Certificates  
Life Insurance  
Loan Consolidation  
Loan Review  
Loan Rewards  
Long Term Care Insurance

Money Builder Certificates  
Money Market Accounts  
Mortgage Loans  
Motorcycle Loans-New/Used  
MyCa\$h Youth Checking  
MyChoice Young Adult VISA Credit Card  
NCUA Insured  
Online Banking with Bill Payer  
Online Financial Calculators  
Online Loan Applications  
Overdraft Protection  
Passport Savings Benefit on Visa Gold  
Payroll Deduction  
Personal Loans  
Recreational Vehicle Loans-New/Used  
Retirement Planning  
Roth IRAs  
Savings Accounts  
Share Certificates  
Share Secured Loans  
Shared Branching  
STAR Telephone Teller  
Surcharge FREE ATMs  
Term Life Insurance  
Vacation Fund Access-Unions  
VISA Check Cards  
VISA Gold Credit Cards  
Warranty Coverage-Auto  
Wire Transfers-Domestic & Foreign  
Youth Savings Accounts

